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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 000286

SIPDIS

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TAGS: [ECON](#) [PREL](#) [KWBG](#) [IS](#) [GAZA](#) [DISENGAGEMENT](#) [SETTLEMENTS](#)

SUBJECT: BASSEY UPDATES ON DISENGAGEMENT LEGISLATION,  
NEGOTIATIONS WITH SETTLERS AND ASSET TRANSFERS

Classified By: Economic Counselor William Weinstein for reasons 1.4 (b)  
and (d).

11. (C) Summary. Yonatan Bassey, director of the Disengagement Authority (SELA), provided Economic Counselor and Economic Officer on January 12 with updates on disengagement planning. Bassey reported that the evacuation legislation should go to its third reading in the Knesset in late January or early February, and that compensation for the settlers may rise by 20 percent. Bassey continued that more settlers are now coming to negotiate with SELA, either on their own or through lawyers, and that the GOI is prepared to help those who want to move as groups by establishing new moshavim for them to move to. He also stressed the importance of pushing the Palestinian Authority (PA) to make a decision about how assets should be transferred, particularly greenhouses in the Gaza Strip. While the the GOI is willing to leave any necessary equipment in the greenhouses, time may be running out to convince the settlers that this is beneficial to them. End summary.

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Status of Disengagement Legislation  
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12. (C) Yonatan Bassey, director of the Disengagement Authority (SELA), told Economic Counselor and Economic Officer on January 12 that he expects the disengagement legislation to go to the Knesset for its third reading during the last week of January or the first week of February, and that his staff meets with the Knesset Finance Committee every day to discuss the law. Bassey reported that compensation may rise by 20 percent because the GOI is under heavy pressure from the settlers and MKs to increase the amounts. He opined, however, that compensation should not be exaggerated because Palestinians will still fire Qassam rockets at Sderot and the GOI cannot be seen as compensating the settlers in excess while residents of this city and others remain underfire.

13. (C) In response to EconCouns's question, Bassey replied that there will be a separate budget for disengagement because the left is against the 2005 budget but for disengagement, while the right is for the 2005 budget but against disengagement. Bassey said the 2005 budget should be approved by the end of February and the disengagement budget should be approved in March.

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Settlers are "Coming Around"  
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14. (C) Bassey continued that he has been more optimistic about disengagement over the past two or three weeks since negotiations have been going well with the settlers. He explained that the settlers' denial about eventual evacuation is dissipating, and as a result, more and more are coming to talk to SELA. According to Bassey, many settlers have talked to SELA through their lawyers because they are afraid of being seen negotiating with the GOI by other settlers. Despite this, Bassey has met with about 20 groups of settlers who want to move together, which he explained was easier for him to work with, and said that he would have contracts signed with half of them by the end of the month. He concluded that he wrote a letter to the settlers three months ago telling them to "wake up" and go talk to him so they could find a solution together, and that they were now coming around.

15. (C) For those settlers who want to move as a group, Bassey said the GOI would help by preparing two or three moshavim with temporary caravans for them to move to until their permanent houses are built. He continued that some in the end may not choose to go to the moshavim at all, but that psychologically it would be better for them because they would be absorbed into their communities much faster. He commented that a contract with the settlers from Ele Sinai who want to move together just south of Ashkelon is "90 percent done."

16. (C) Bassey characterized the settlers from the Gaza Strip as 70 percent religious but of "many varieties" because they follow different rabbis. He hoped that the rabbis would be able to convince the settlers to evacuate peacefully, but

acknowledged that two settlements, Kfar Darom and Netzarim, "will not budge" and may be left to the end. He characterized Netzarim as the eventual "Castle Netzarim" where most hold-outs will congregate. Bassey explained that the other 30 percent of the Gaza Strip settlers moved there for a better life and are not "so fanatic."

17. (C) Moving on to compensation prepayments, Bassey opined they were not attractive enough to split in two or three tranches so most settlers would not leave early. In addition, many settlers will have to wait for the end of the schoolyear -- which has been moved up from the end of June to the end of May for the Gaza Strip -- so even if their new homes are built, they will not go sooner. Bassey concluded that June would be a big month for evacuation.

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The Ball is in the PA's Court  
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18. (C) With respect to the Thai workers who are leaving the Gaza Strip, Bassey explained that they are only 10 percent of the manpower there and farms could continue to function with just Palestinian laborers. He continued that the bigger problem is the transfer of the greenhouses after the evacuation. He said he wants growers to leave the greenhouses intact -- with their equipment -- for the Palestinians in order to avoid a humanitarian disaster, but that the U.S. should push the Palestinian Authority (PA) to decide how it wants the assets transferred. Bassey continued that this was not the GOI's problem, and that now that Abu Mazen has been elected, he needs to make a decision. He said the GOI would be willing to compensate the settlers for 40 percent of the value of the equipment if the PA decides it wants to keep it, and that the Ministry of Agriculture could train the Palestinians if needed.

19. (C) Bassey continued with a discussion of businesses in the Erez Industrial Zone, saying some would close altogether and others would relocate to Ashkelon or Sderot. Most will close, however, because they will not be able to compete since their labor costs will be much higher in Israel. Bassey concluded that the businesses in Erez are a much smaller problem compared to the relocation of homes.

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